

AMENDED IN ASSEMBLY MARCH 12, 2014

AMENDED IN ASSEMBLY AUGUST 7, 2013

AMENDED IN ASSEMBLY JUNE 19, 2013

AMENDED IN SENATE MAY 8, 2013

AMENDED IN SENATE APRIL 4, 2013

SENATE BILL

No. 699

Introduced by Senator Hill

February 22, 2013

~~An act to add Sections 353.17 and 586 to the Public Utilities Code, relating to electricity. An act to add Sections 761.4 and 761.6 to the Public Utilities Code, relating to public utilities.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 699, as amended, Hill. ~~Electricity: electrical corporations: clean distributed energy resources. Public utilities: electrical and gas corporations.~~

The Public Utilities Act requires the Public Utilities Commission to implement and enforce standards for the maintenance and operation of facilities for the generation of electricity owned by an electrical corporation or located in the state to ensure their reliable operation.

This bill would require an electrical corporation, by July 1, 2015, to submit to the commission a security plan to enhance the robustness and resilience of its electrical distribution facilities. The bill would require the commission, in consultation with the electrical corporation and applicable local, state, and federal agencies to determine the appropriate level of public access to the security plan. The bill would require the commission to consider the cost of constructing distribution

infrastructure necessary to implement the security plan as a part of the next general rate case for the electrical corporation.

This bill would require an electrical or gas corporation to develop an official memorandum of understanding with state and local law enforcement officials describing each party's responsibilities before, during, and immediately following the deliberate destruction of that corporation's equipment that leads to a disruption of electric or gas service. The bill would require an electrical or gas corporation, after consultation with, and approval from, the Department of the California Highway Patrol, to train and designate relevant employees as first responders to manage infrastructure hazards and restore essential electric or gas service in the event of an accident, natural disaster, or security breach.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill are within the act, a violation of these provisions would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The Public Utilities Act requires each public utility to furnish reports to the commission at the time and in the form as the commission may require and in those reports the utility is required to specifically answer all questions propounded by the commission. The act authorizes the commission to require any public utility to file periodic reports concerning any matter about which the commission is authorized by any law to inquire or to keep itself informed, or which it is required to enforce. The act requires each electrical corporation, as a part of its distribution planning process, to consider specified nonutility-owned distributed energy resources as an alternative to investments in its distribution system to ensure reliable electric services at the lowest possible costs.~~

~~This bill would require an electrical corporation to annually report to the commission capital expenditures included in the distribution category of the electrical corporation's ratebase for each project. The bill would require an electrical corporation to report all interconnection costs charged to the customer for each interconnection agreement to interconnect distributed energy resources. The bill would require the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, to direct an electrical corporation to consider and procure clean distributed energy resources, as defined, to meet distribution grid needs as a part of the electrical corporation's transmission and distribution grid infrastructure investments and to consider and procure clean distributed energy resources to meet the electrical corporation's needs as part of any procurement and planning process at the commission, the State Energy Resources Conservation and Development Commission, or the Independent System Operator.~~

~~Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the Public Utilities Commission is a crime.~~

~~Because the provisions of this bill are within the act and require action by the Public Utilities Commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 761.4 is added to the Public Utilities
- 2 Code, to read:
- 3 761.4. (a) On or before July 1, 2015, an electrical corporation
- 4 shall submit to the commission a security plan to enhance the
- 5 robustness and resilience of its electrical distribution facilities
- 6 that identifies improvements to achieve all of the following:

1 (1) *Make the electric power delivery system less vulnerable to*
2 *security threats, whether physical, cyber, or personnel-related,*
3 *which may include the hardening of key substations and control*
4 *centers, increased physical surveillance, and increased air gapping*
5 *of electronic communication and control systems.*

6 (2) *Reduce the consequence of successful security breaches,*
7 *which may include more robust substation and grid design,*
8 *infrastructure modernization, and selective demandside*
9 *management.*

10 (3) *Improve the speed of electric power restoration in the event*
11 *of a successful security breach, which may include enhanced*
12 *training of relevant personnel, improved blackstart capability, and*
13 *acquisition of convenient locations for critical spare parts.*

14 (4) *Make critical services less vulnerable while the delivery of*
15 *conventional electric power has been disrupted, which may include*
16 *the avoidance of cross dependencies and the collocation of*
17 *generation or storage with critical loads such as pumps for water*
18 *supply.*

19 (b) *In developing the security plan, an electrical corporation*
20 *shall consider improvements that can be incorporated*
21 *cost-effectively and consistently with reductions or increases in*
22 *local generation capacity needs, safety and reliability needs,*
23 *planned efforts to promote distributed resources, demandside*
24 *management, smart grid, and other security efforts undertaken at*
25 *the regional and national level.*

26 (c) *The commission, in consultation with the electrical*
27 *corporation and applicable local, state, and federal agencies, shall*
28 *determine an appropriate level of public access to the security*
29 *plan submitted by the electrical corporation that is consistent with*
30 *Section 583 and existing commission policies. A determination*
31 *that the commission makes regarding public access to security*
32 *plans shall not create barriers to essential information sharing*
33 *among local, state, and federal law enforcement and emergency*
34 *response agencies. The commission shall make this determination*
35 *before accepting the security plan from an electrical corporation.*

36 (d) *The commission shall review each security plan and approve,*
37 *or modify and approve, the plan for that electrical corporation.*

38 (e) *The commission shall consider the costs of constructing*
39 *distribution infrastructure necessary to implement the security*
40 *plan as a part of the next general rate case for the electrical*

1 *corporation unless the commission determines otherwise. The*
2 *commission may adopt criteria, benchmarks, and accountability*
3 *mechanisms to evaluate the success of any investment authorized*
4 *pursuant to the security plan.*

5 *SEC. 2. Section 761.6 is added to the Public Utilities Code, to*
6 *read:*

7 *761.6. (a) An electrical or gas corporation shall develop an*
8 *official memorandum of understanding with state and local law*
9 *enforcement officials that describes each party's responsibilities*
10 *before, during, and immediately following the deliberate*
11 *destruction of the electrical or gas corporation's equipment that*
12 *leads to a disruption of electric or gas service. The memorandum*
13 *of understanding shall provide a clear understanding of who is in*
14 *charge and explain how decisions will be reached in dealing with*
15 *potential tensions between crime scene investigation and timely*
16 *restoration of service, as well as with unanticipated contingencies.*

17 *(b) An electrical or gas corporation, after consultation with,*
18 *and approval from, the Department of the California Highway*
19 *Patrol, shall train and designate relevant employees as first*
20 *responders to manage infrastructure hazards and restore essential*
21 *electric and gas service in the event of an accident, natural*
22 *disaster, or security breach. The Department of the California*
23 *Highway Patrol may impose any requirements necessary to ensure*
24 *that the designation of relevant electrical or gas corporation*
25 *employees promotes public health, safety, and security.*

26 *SEC. 3. No reimbursement is required by this act pursuant to*
27 *Section 6 of Article XIII B of the California Constitution because*
28 *the only costs that may be incurred by a local agency or school*
29 *district will be incurred because this act creates a new crime or*
30 *infraction, eliminates a crime or infraction, or changes the penalty*
31 *for a crime or infraction, within the meaning of Section 17556 of*
32 *the Government Code, or changes the definition of a crime within*
33 *the meaning of Section 6 of Article XIII B of the California*
34 *Constitution.*

35 ~~*SECTION 1. The Legislature finds and declares all of the*~~
36 ~~*following:*~~

37 ~~*(a) Clean distributed energy resources, including distributed*~~
38 ~~*generation, can reduce emissions of greenhouse gases, reduce*~~
39 ~~*criteria air pollution, reduce water consumption, increase grid*~~

1 reliability, localize power generation, and decrease reliance on
2 large, polluting generation facilities.

3 (b) The Legislature has established programs and policies to
4 support the commercialization and growth of clean distributed
5 generation technologies, including the California Solar Initiative,
6 combined heat and power feed-in tariffs pursuant to the Waste
7 Heat and Carbon Emissions Reduction Act, the self-generation
8 incentive program, and the renewable market adjusting tariff.

9 (c) A central impediment to increased proliferation of distributed
10 energy resources is a lack of transparency in current utility
11 infrastructure investments in the distribution grid and in the costs
12 and process associated with interconnection to the utility grid,
13 costs that are ultimately borne by ratepayers.

14 (d) Transparency on what distribution grid investments have
15 been made will allow policymakers and stakeholders to better
16 understand and evaluate what types of clean distributed energy
17 resources may be more cost effective and better serve the grid and
18 ratepayers for future investments.

19 SEC. 2. Section 353.17 is added to the Public Utilities Code,
20 to read:

21 353.17. (a) The commission, in consultation with the Energy
22 Commission, shall do all of the following:

23 (1) Direct each electrical corporation to consider and procure
24 clean distributed energy resources to meet distribution grid needs
25 as a part of the electrical corporation's transmission and distribution
26 grid infrastructure investments.

27 (2) Direct each electrical corporation to consider and procure
28 clean distributed energy resources to meet the electrical
29 corporation's needs as part of any procurement and planning
30 process at the commission, the Energy Commission, or the
31 Independent System Operator.

32 (b) For the purposes of this section, "clean distributed energy
33 resources" means an electric generation technology that meets
34 both of the following requirements:

35 (1) Reduces greenhouse gas emissions as determined by the
36 State Air Resources Board greenhouse gas emissions factor
37 pursuant to the California Global Warming Solutions Act of 2006
38 (Division 25.5 (commencing with Section 38500) of the Health
39 and Safety Code).

1 ~~(2) Complies with emission standards and guidance adopted by~~
2 ~~the State Air Resources Board pursuant to Sections 41514.9 and~~
3 ~~41514.10 of the Health and Safety Code.~~

4 ~~(3) Is interconnected to the electrical corporation's distribution~~
5 ~~grid.~~

6 ~~SEC. 3. Section 586 is added to the Public Utilities Code, to~~
7 ~~read:~~

8 ~~586. (a) For capital expenditures included in the distribution~~
9 ~~category of the electrical corporation's ratebase, the electrical~~
10 ~~corporation shall annually report expenditures for each project,~~
11 ~~including all of the following:~~

12 ~~(1) The total dollar amount.~~

13 ~~(2) The type of equipment installed.~~

14 ~~(3) The purpose of the expenditure.~~

15 ~~(b) The report shall also include the rationale for the deployment~~
16 ~~of distributed energy resources, both existing and projected,~~
17 ~~factored into its distribution planning assumptions and~~
18 ~~expenditures. This shall include both a summary of the~~
19 ~~methodologies used to track and anticipate distributed energy~~
20 ~~system deployments and how that information is then used for~~
21 ~~distribution planning.~~

22 ~~(c) For each interconnection agreement executed with customers~~
23 ~~that interconnect distributed energy resources, the electrical~~
24 ~~corporation shall report all interconnection costs charged to the~~
25 ~~customer.~~

26 ~~SEC. 4. No reimbursement is required by this act pursuant to~~
27 ~~Section 6 of Article XIII B of the California Constitution because~~
28 ~~the only costs that may be incurred by a local agency or school~~
29 ~~district will be incurred because this act creates a new crime or~~
30 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
31 ~~for a crime or infraction, within the meaning of Section 17556 of~~
32 ~~the Government Code, or changes the definition of a crime within~~
33 ~~the meaning of Section 6 of Article XIII B of the California~~
34 ~~Constitution.~~